

AMBULANCE REVENUE and COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

Arizona Department of Health Services
Annual Ambulance Financial Report

Mohave Valley Fire Department and Ambulance Service
Reporting Ambulance Service

Address: 1451 Willow Drive

City: Mohave Valley Zip: 86440

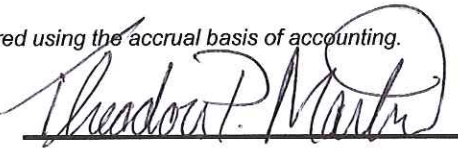
Report Fiscal Year

From: July 1, 2013 To: June 30, 2014
Mo. Day Year Mo. Day Year

I hereby verify that I have directed the preparation of the enclosed annual report in accordance with the reporting requirements of the State of Arizona.

I have read this report and hereby verify that the information provided is true and correct to the best of my knowledge.

This report has been prepared using the accrual basis of accounting.

Authorized Signature:  Date: April 2, 2015

Print Name and Title: Theodore P. Martin Fire Chief

Phone: 928-768-9113

Mail to:

Department of Health Services
Bureau of Emergency Medical Services
Certificate of Necessity and Rates Section
150 North 18th Avenue, Suite 540
Phoenix, AZ 85007-3248
Telephone: (602) 364-3150
Fax: (602) 364-3567

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AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Mohave Valley Fire Department and Ambulance Service

FOR THE PERIOD

FROM: July 1, 2013

TO: June 30, 2014

STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
1	Number of ALS Billable Transports:				810
2	Number of BLS Billable Transports:				-
3	Number of Loaded Billable Miles:				6,416
4	Waiting Time (Hr. & Min.):				-
5	Canceled (Non-Billable) Runs:				231

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue				\$ 388,160
7	BLS Base Rate Revenue				-
8	Mileage Charge Revenue				66,919
9	Waiting Charge Revenue				-
10	Medical Supplies Charge Revenue				-
11	Nurses Charge Revenue				-
12	Standby Charge Revenue (Attach Schedule)				-
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE			(Post to Page 3, Line 1)	\$ 455,079

SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:

** No. of FTE's

14	Management		\$ 219,688	1.5
15	Paramedics and IEMTs		\$ 762,059	18.0
16	Emergency Medical Technician (EMT)		\$ 1,207,739	30.5
17	Other Personnel		\$ 216,561	2.0
18	Payroll Taxes and Fringe Benefits - All Personnel		\$ 1,513,753	
19	Total Wages, Taxes & Benefits (Sum Lines 14 through 18; Post to Page 3, Line 10)		\$ 3,919,800	

* This column reports only those runs where a contracted discount rate was applied.

** Full-time equivalents (F.T.E.) is the sum of all hours for which employees wages were paid during the year divided by 2080.

AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Mohave Valley Fire Department and Ambulance Service

FOR THE PERIOD

FROM:

July 1, 2013

TO:

June 30, 2014

SCHEDULE OF REVENUES AND EXPENSES

Line No.	DESCRIPTION		
Operating Revenues:			
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	\$ 455,079
<u>Settlement Amounts:</u>			
2	AHCCCS		57,909
3	Medicare		109,714
4	Subscription Service		-
5	Contractual		-
6	Other		110,420
7	Total	(Sum of Lines 2 through 6)	278,043
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ 108,581
Operating Expenses:			
9	Bad Debt		\$ 36,312
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	3,919,800
11	Professional Services		18,861
12	Travel and Entertainment		-
13	Other General Administrative		34,176
14	Depreciation		-
15	Rent / Leasing		-
16	Building / Station		94,846
17	Vehicle Expense		97,274
18	Other Operating Expense		29,294
19	Cost of Medical Supplies Charged to Patients		-
20	Interest		-
21	Subscription Service Sales Expense		-
22	Total Operating Expense	(Sum of Lines 9 through 21)	4,230,563
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ 4,121,982
24	Subscription Contract Sales		-
25	Other Operating Revenue		2,758,743
26	Local Supportive Funding		-
27	Other Non-Operating Income (Attach Schedule)		-
28	Other Non-Operating Expense (Attach Schedule)		-
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28)	\$ (1,363,239)
Provision for Income Taxes:			
30	Federal Income Tax		-
31	State Income Tax		-
32	Total Income Tax	(Line 30, plus Line 31)	-
33	Ambulance Service Net Income (Loss)	(Line 29, minus Line 32)	(1,363,239)

**MOHAVE COUNTY, ARIZONA
MOHAVE VALLEY FIRE DISTRICT**

ANNUAL REPORT

YEAR ENDED 2014

STREET OR P.O. BOX: 1451 Willow Drive

CITY: Mohave Valley, AZ **ZIP CODE:** 86440

BUSINESS TELEPHONE: (928) 768-9113

COMPLETED BY: Joanne Hutton

TITLE: Secretary

Part A - Governing Board Members and Officers of The District

NAME	Occupation	Business Telephone
Melvin Sorensen	Board Chaiman	(928) 201-3230
Robert Lane	Board Member	(928) 768-9455
Charles G Hopkins	Board Member	(928) 768-3160
Cynthia A. Christy	Board Member	(928) 201-9196
Jason Evans	Board Member	(928) 303-1558
Theodore Martin	Fire Chief	(928) 768-9113

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MOHAVE VALLEY FIRE DISTRICT

FINANCIAL STATEMENTS

June 30, 2014

**Saunders Company, Ltd.
6008 West Cortez Street
Glendale, Arizona 85304
Fax 602-926-2431
Phone 623-476-8660**

MOHAVE VALLEY FIRE DISTRICT
MOHAVE VALLEY, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2014

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MOHAVE VALLEY, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2014

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SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CFF, CGFM, CGMA, PI.
TRICIA E. SAUNDERS, PI.

CERTIFIED PUBLIC ACCOUNTANT	6008 W. CORTEZ ST
CERTIFIED FRAUD EXAMINER	GLENDALE, ARIZONA 85304
CERTIFIED GOVERNMENT FINANCIAL MANAGER	Tel: (623) 476-8660
LICENSED PRIVATE INVESTIGATORS #01534603, # 1003706	Fax: (602) 926-2431
CERTIFIED IN FINANCIAL FORENSICS	E-Mail: JamesH49@AOL.com
CHARTERED GLOBAL MANAGEMENT ACCOUNTANT	Redheadedcufic10@AOL.com
Member: American Institute of Certified Public Accountants	Arizona Association of Licensed Private Investigators
Arizona Society of Certified Public Accountants	AICPA Government Audit Quality Center
	International Association of Certified Fraud Examiners
	Arizona Association of Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Mohave Valley Fire District
Mohave Valley, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mohave Valley Fire District, Mohave Valley, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Disclaimer of Opinion on Consistency

This was our first audit of the District's financial statements and, as instructed, the scope of our engagement did not include an audit of the financial statements of the preceding year sufficient to enable us to express an opinion on the consistency of application of accounting principles with the preceding year.

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Independent Auditor's Report

June 30, 2014

Page 2

Disclaimer of Opinion on Consistency

Because of the significance of the matter discussed in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consistency of application of accounting principles with the preceding year. Accordingly, we do not express such an opinion.

Unmodified Opinions

In our opinion, except for the possible effects of the matters discussed in the "Basis for Disclaimer of Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mohave Valley Fire District, as of June 30, 2014, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Legal and Regulatory Requirements

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 48-251 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 9-956 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Arizona State Fire Marshal as mandated by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Independent Auditor's Report

June 30, 2014

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fire District's internal control over financial reporting and compliance.

Saunders Company, Ltd.

Glendale, Arizona
March 6, 2015

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Mohave Valley Fire District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2014

The following discussion and analysis of the Mohave Valley Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2014. Please read it in conjunction with the District's basic financial statements which begin immediately following this analysis. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the Basic Financial Statements.

Nature of Operations

The Mohave Valley Fire District provides Fire, Ambulance services to homes, property and persons residing and visiting within the District boundaries, as well as services to locations and persons outside the District thru mutual aid agreements and contracts.

Results of Operations

Description of things District has done in 2013-2014 fiscal year.

- λ 1384 incidents that we responded to
- λ Purchase of new Wildland Fire hose and equipment
- λ Received a Volunteer Firefighter Assistance Grant from Arizona State Forestry
- λ Held our annual Easter Egg Hunt, Christmas for Kids, Halloween Carnival, held several fire station tours with the MV Elementary School.

Financial Highlights

- λ District investment in capital assets increased \$95,000 or 2.45%.
- λ The District's net position decreased \$236,588 or 6.62% from the previous fiscal year.
- λ Total revenues increased \$50,507 or 1.57% over the previous fiscal year due to raising the tax rate to \$2.95 from \$2.85.
- λ At the end of the current fiscal year, unrestricted net position for the General fund was \$1,260,844.

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County. In addition we had:

Ambulance Income
Ft Mojave Indian Tribal Contracts
Out of District Wildland Fire & Special Projects

General Fund Budgetary Highlights

The Mohave Valley Fire District stayed within its operating budget for Fiscal year 2013 / 2014.

Capital Asset and Debt Administration

Capital Assets

In order to continue to provide the best service possible, the District spends a portion of the budget on fixed asset acquisition and capital projects.

For fiscal year ended June 30, 2014 the District purchased, had contributed, or constructed the following assets:

- λ 1990 International 4700 Type 3 Fire Engine was received from State of Arizona Forestry, surplus property.

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Outstanding Debt

	Balance <u>June 30, 2013</u>	Balance <u>June 30, 2014</u>
	\$ <u>0</u>	\$ <u>0</u>
Total Lease Obligations	0	0
Compensated Absences	<u>90.429</u>	<u>98.022</u>
Totals	<u>\$ 90.429</u>	<u>\$ 98.022</u>

Factors Affecting Future Results

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues that vary with economic conditions. The District has plans to adjust the ambulance base rate up to at least double of our current rate. District Tax Collections are being adjusted from Secondary to Primary collection rates due to a new Arizona state statute.

Contacting the District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to the Mohave Valley Fire District.

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BASIC FINANCIAL STATEMENTS

**MOHAVE VALLEY FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

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Exhibit B

	<u>Governmental Activities</u>
EXPENSES	
Public Safety - Fire/EMS Protection	
Personnel Services	\$ 2,880,795
Materials & Services	359,659
Depreciation	<u>194,024</u>
Total Program Expenses	<u>3,434,478</u>
PROGRAM REVENUES	
Operating and Capital Grants	6,274
Charges for Service	<u>1,557,467</u>
Total Program Revenues	<u>1,563,741</u>
Net Program Expense	<u>1,870,737</u>
GENERAL REVENUES	
Property Taxes	1,467,755
Fire District Assistance	155,726
Investment Earnings	6,915
Miscellaneous	<u>3,753</u>
Total General Revenues	<u>1,634,149</u>
Decrease in Net Position	(236,588)
NET POSITION-BEGINNING OF THE YEAR	<u>3,578,162</u>
NET POSITION-END OF THE YEAR	<u><u>\$ 3,341,574</u></u>

-The Notes to the Financial Statements are an Integral Part of This Statement-

MOHAVE VALLEY FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2014

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Exhibit D

	<u>General</u>
REVENUE	
Property Taxes	\$ 1,467,755
Fire District Assistance Tax	155,726
Fees for Service	1,557,467
Interest	6,915
Grants	6,274
Miscellaneous	<u>3,753</u>
Total Revenues	<u>3,197,890</u>
EXPENDITURES	
Current:	
Public Safety	3,208,556
Administration	24,305
Capital Outlay	<u>95,000</u>
Total Expenditures	<u>3,327,861</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(129,971)</u>
Net Change in Fund Balances	(129,971)
Fund Balances-Beginning of Year	<u>1,488,837</u>
Fund Balances-End of Year	<u><u>\$ 1,358,866</u></u>

-The Notes to the Financial Statements are an Integral Part of This Statement-

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**MOHAVE VALLEY FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2014**

Exhibit F

**Reconciliation of the change in fund balance-total governmental funds
to the change in net position of governmental activities:**

Net Change in Fund Balances -	
Total Governmental Funds (Exhibit D)	\$ (129,971)

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(99,024)
--	----------

The issuance of long-term debt (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,593)
---	---------

Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ (236,588)</u>
---	---------------------

-The Notes to the Financial Statements are an Integral Part of This Statement-

MOHAVE VALLEY FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit H

	Volunteer Pension Fund	Youth Benefit Fund	Social Fund	Contingency Fund	Certification Fund	Firefighter Fund	Totals
ADDITIONS							
Other	\$ 7,895	\$ -	\$ 437	\$ 808	\$ -	\$ 39	\$ 9,179
Contributions	-	2,046	1,600	-	-	-	3,646
Donations	1,330	-	-	-	-	-	1,330
State Fire Marshal	-	-	-	1,900	-	-	1,900
Fees Earned	-	-	-	-	-	-	-
Total Other Contributions	9,225	2,046	2,037	2,708	-	39	16,055
Investment Earnings:							
Interest & Dividends	8,164	-	1	30	-	-	8,195
Net Increase in the fair value of investments	24,740	-	-	-	-	-	24,740
Total Investment Earnings	32,904	-	1	30	-	-	32,935
Less Investment Expense	1,606	-	-	-	-	-	1,606
Net Investment Earnings	31,298	-0-	1	30	-0-	-0-	31,329
Total Additions	40,523	2,046	2,038	2,738	-	39	47,384
DEDUCTIONS							
Miscellaneous	-	2,673	1,486	-	25	-	4,184
Total Deductions	-	2,673	1,486	-	25	-	4,184
Change in Net Position	40,523	(627)	552	2,738	(25)	39	43,200
Net Position - Beginning	242,657	1,854	700	47,954	884	1,866	295,915
Net Position - Ending	\$ 283,180	\$ 1,227	\$ 1,252	\$ 50,692	\$ 859	\$ 1,905	\$ 339,115

-The Notes to the Financial Statements are an Integral Part of This Statement.

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MOHAVE VALLEY FIRE DISTRICT
MOHAVE VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is a local governmental unit formed as a political subdivision of the local county which is a political subdivision of the State of Arizona. The District was formed under the provisions of Title 48 of Arizona Revised Statutes. The District operates under the guidance of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day to day operations are supervised by a fire chief and his staff.

The District has the power to issue bonds, levy taxes, bill for services and raise revenues with the power of the County government. The District has the power to expend public funds for any legitimate purpose required to further its needs. The District operates as an independent governmental agency directly responsible to the local taxpayers and voters.

Introduction

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Basic Financial Statements

The accounting policies for the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

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The *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. This fund's activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

Financial Statements Amounts

Cash & Cash Equivalents

All savings, checking and money market accounts with an original maturity of less than 60 days are considered to be cash equivalents.

Prepaid Items

Payments to vendors that benefit future accounting periods are classified as prepaid items until charged to expenditures in the period benefited.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	27.5 to 40 years
Equipment	5 to 7 years
Fire Trucks	10 years
Automobiles	5 years
Office Equipment	5 years

- λ Restricted—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- λ Unrestricted – this balance is the amount of equity which is not included in the Restricted fund balance and the Investments in Capital Asset balances.
- λ Investment in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Fund Balances on Government Fund Financial Statements – Exhibit C

Beginning with fiscal year ended June 30, 2010, the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- λ Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- λ Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- λ Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- λ Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.
- λ Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by District Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues or both as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The County Treasurer is required to establish a fund known as the "fire district general fund" for the receipt of all taxes levied on behalf of the District.

The District may register warrants only if separate accounts are maintained by the County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue accounts, and only if the total cash balance of all three accounts is insufficient to pay the warrants and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety per cent of the taxes levied by the County for the District's current fiscal year. Registered warrants bear interest as prescribed by statute and are redeemed as provided for by law for County warrants.

Unless monies are legally restricted by contract, agreement or law, those monies may be transferred between fund accounts according to the original or amended budget of the Fire District.

Any surplus remaining the fire district general fund at the end of the fiscal year shall be credited to the fire district general fund of the district for the succeeding fiscal year and after subtraction of accounts payable and encumbrances, shall be used to reduce the tax levy for the following year.

The District accounts with the County Treasurer are part of an investment pool operated by the County Treasurer which is in turn invested in the Local Government Investment Pool (LGIP) operated by the Arizona State Treasurer. The risk category (defined below) cannot be determined, as the District does not own identifiable securities, but only as a shareholder in the statewide pool.

Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 102% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000 for the total of all interest bearing accounts and \$250,000 for the total of all demand deposit accounts. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency. ARS (Title 35) requires this to be monitored by the State Treasurer's Office.

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Credit Risk Statutes authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain public obligations, such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state in which the District invests, that are rated in the highest rating category of nationally recognized statistical rating organizations.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

The District normally invests only in FDIC insured bank accounts, accounts collateralized above FDIC insurance limits in commercial banks, the County Treasurer's investment pool, which is reinvested in the Arizona State Treasurer Local Government Investment Pool (LGIP), and open-end mutual stock funds of commercial brokerage firms.

No ratings were available for any of the District's investments and those investments are considered unrated.

Concentration of Credit Risk Concentration of credit risk is associated with investments in any one issuer that represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are considered as excluded from this requirement.

The District invests only in FDIC banking institutions, mutual funds and government investment pools. The District does not have a policy relating to concentration of credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Interest rate risk factors and information are not available for the mutual fund investments of the District.

The weighted average maturity of the LGIP-GOV pool at June 30, 2014:

For Pool 5	34 Days
For Pool 7	53 Days
For Pool 500	1.82 Years
For Pool 700	2.02 Years

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NOTE 6 – PROPERTY TAX REVENUE RECEIVABLE

Property Tax Receivables arise when property taxes are levied but not currently collected. The collectible portion (taxes levied less estimated uncollectible) are recorded as deferred inflow of resources in the period when an enforceable legal claim to the assets arise.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended.

	BALANCE 06/30/2013	ADDITIONS	DELETIONS	BALANCE 06/30/2014
<u>Depreciable Assets</u>				
Vehicles	\$1,231,108	\$ 65,000	\$ 0	\$ 1,296,108
Buildings	1,670,453	0	0	1,670,453
Equipment, Fire	<u>967,690</u>	<u>30,000</u>	<u>0</u>	<u>997,690</u>
Total Historical Costs	<u>3,869,251</u>	<u>95,000</u>	<u>0</u>	<u>3,964,251</u>
Less Accum Depreciation				
Vehicles	1,036,431	92,746	0	1,129,177
Buildings	202,054	42,015	0	244,069
Equipment, Fire	<u>772,667</u>	<u>59,263</u>	<u>0</u>	<u>831,930</u>
Less: Total Accumulated Depreciation	<u>2,011,152</u>	<u>194,024</u>	<u>0</u>	<u>2,205,176</u>
Depreciable Capital Assets, Net	1,858,099	(99,024)	0	1,759,075
<u>Non-Depreciable Assets</u>				
Land	<u>321,655</u>	<u>0</u>	<u>0</u>	<u>321,655</u>
Capital Assets, Net	<u>\$2,179,754</u>	<u>\$ (99,024)</u>	<u>\$ 0</u>	<u>\$ 2,080,730</u>

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NOTE 11 – LONG-TERM INDEBTEDNESS

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net assets.

General Obligation Bonds

The District does not currently have any general obligation bonds.

Operating Leases

The District does not currently have any operating leases.

Capital Leases

The District does not currently have any capital leases.

Changes in Long-Term Indebtedness :

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
	\$ 0	\$ 0	\$ 0	\$ 0
Total Lease Obligations	0	0	0	0
Compensated Absences	90,429	7,592	0	98,022
Totals	\$ 90,429	\$ 0	\$ 0	\$ 98,022

NOTE 12 – NET POSITION/FUND BALANCE

The District's General Net Position balance consists of restricted, unrestricted, nonspendable, and net investment in capital assets amounts.

The District's Governmental Funds fund balances consist of restricted, committed, assigned, nonspendable and unassigned amounts.

Restricted balances are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

The District also levies various personal property taxes during the year, which are due at the same time as real property taxes.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

The taxpayers may, by vote of the electorate, authorize either a five year budget override or a permanent override, depending upon certain criteria being met. The taxpayers also may authorize the issuance of bonds for capital acquisitions in addition to the operating taxes referred to above.

The County collects a County-Wide Fire District Assistance Tax (FDAT) and distributes the funds to all Fire Districts in the County, according to a formula established by state law. The maximum awarded to a District cannot exceed \$400,000 per year.

NOTE 14 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. This plan, available to all District employees, permits employees to defer a portion of their current salary until future years. Assets held in IRC Section 457 plans are generally subject to claims of creditors.

It is the District's position that it has no liability for investment losses under the plan but has the duty of due care that would be required of an ordinary prudent investor. The District believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 16 - EMPLOYEE RETIREMENT SYSTEMS (SEE ALSO THE REQUIRED SUPPLEMENTAL INFORMATION)

Plan Descriptions

The District contributes to the three plans described below. Benefits are established by state statute and the plans generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' annual compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health Insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

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The District maintains a Volunteer Fire Pension Fund as allowed by ARS 9-951. This plan is administered by an outside consulting firm who prepares a separate annual report. This report is available through Innes & Associates, 4302 East Ray Road Suite 117, Phoenix, Arizona 85044. The plan is reviewed by the Arizona State Fire Marshal's office.

Benefits vary by number of years of activity and funds available. Benefits are fixed by the local board at the time of retirement. Eligibility is minimum age of 18 years and 12 months of service. Maximum age does not apply. Retirement age is earlier of age 50 or 20 years of service. Entry dates are Jan 01 and July 01 of each year.

The local pension board has the authority to deviate from these guidelines as they feel necessary under an adopted alternative plan. The District has elected under ARS Title 9, Section 4 to establish an alternative plan which differs significantly from the standards referred to above.

NOTE 16 - POST EMPLOYMENT BENEFITS

The government provides certain health care and life insurance benefits for recently separated employees as required by the Federal law under COBRA. Any cost of health care and life insurance benefits would be short term and recognized as an expenditure as claims are paid. The District currently has no such claims.

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events and does not know of any additional comments or disclosures that should be made thru the date of this report.

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REQUIRED SUPPLEMENTARY
INFORMATION

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MOHAVE VALLEY FIRE DISTRICT

GASB STATEMENT NO. 25 SUPPLEMENTARY PENSION INFORMATION

SCHEDULE OF FUNDING PROGRESS
(EXCLUDING HEALTH INSURANCE SUBSIDY BEGINNING JUNE 30, 2008)

Year Ended June 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (a)/(2)	(4) Unfunded AAL (2)-(1)	(5) Covered Payroll*	(6) UAAL As a % Of Covered Payroll
2003	\$1,983,243	\$1,184,083	167.5%	\$(799,160)	\$690,183	0.0%
2004	2,135,607	1,406,879	151.8%	(728,728)	740,174	0.0%
2005	2,333,763	1,672,550	139.5%	(661,213)	999,932	0.0%
2006	2,515,615	2,060,407	122.1%	(455,208)	1,330,353	0.0%
2007	2,751,082	2,742,015	100.3%	(9,067)	1,571,101	0.0%
2008	3,193,419	2,645,934	120.7%	(547,485)	1,418,432	0.0%
2009	3,839,886	3,246,416	118.3%	(593,470)	1,645,222	0.0%
2010	4,143,295	3,930,710	105.4%	(212,585)	1,781,475	0.0%
2011	4,732,539	4,594,171	103.0%	(138,368)	1,873,095	0.0%
2012	5,648,449	5,392,791	104.7%	(255,658)	1,927,927	0.0%
2013	6,253,934	6,100,990	102.5%	(152,944)	1,895,587	0.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution
2003	\$17,231
2004	24,552
2005	26,402
2006	46,437
2007	78,228
2008	110,844
2009	223,382
2010	168,624
2011	(est)172,313
2012	(est)208,593
2013	(est)235,213
2014	(est)254,852
2015	(est)248,403

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date:	June 30, 2013
Actuarial cost method:	Entry Age Normal
Amortization Method:	Level percent-of-pay closed
Remaining amortization period:	23 years for underfunded 20 years for overfunded
Asset valuation method:	7-year smoothed market 80%/120% market
Actuarial Assumptions:	
Investment Rate of Return:	7.85%
Projected Salary increases*	4.5% - 8.5%
Payroll Growth	4.5%
Cost-of-Living Adjustments	None

-See Accountant's Report-

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**MOHAVE VALLEY FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2014**

1. BUDGETARY BASIS OF PRESENTATION

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual. Accordingly, for the purpose of comparing budgeted expenditures to actual amounts, prior and current year encumbrances have been integrated with the amounts shown on the *Statement of Revenues, Expenditures, and Changes in Fund Balances*.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.

The legal level of budgetary control attributed to the Board of Directors is considered at the objective or natural classification level, presented as subtotals in the schedule of budget to actual (e.g., total revenue, total salaries and benefits, total services and supplies, etc.).

2. PUBLIC SAFETY PENSION DISCLOSURE INFORMATION

All Public Safety Pension disclosure information has been furnished by the actuary for the Districts' Public Safety Pension Fund. This information has been excerpted directly from the actuarial report and is the responsibility of the actuary.

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OTHER SUPPLEMENTARY INFORMATION

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MOHAVE VALLEY FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
June 30, 2014

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MOHAVE VALLEY FIRE DISTRICT
MOHAVE VALLEY, ARIZONA
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SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CFF, CGFM, CGMA, PI.
TRICIA E. SAUNDERS, PI.

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED GOVERNMENT FINANCIAL MANAGER
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AICPA Government Audit Quality Center

International Association of Certified Fraud Examiners
Arizona Association of Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Governing Board
Mohave Valley Fire District
Mohave Valley, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mohave Valley Fire District, Mohave Valley, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise District's basic financial statements and have issued our report thereon dated March 6, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mohave Valley Fire District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as findings 2014-03, 2014-04, 2014-05, and 2014-06.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-01 and 2014-02.

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Independent Auditors Report on Internal Control...

June 30, 2014

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Mohave Valley Fire District's Response to Findings

Mohave Valley Fire District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

State of Arizona Required Statutory Compliance Matter

Arizona Revised Statutes section 48-805.02 requires auditors of fire districts in the State of Arizona to test compliance with certain matters. Our audit was not designed to test for all possible areas of non-compliance with this statute. In connection with the tests we performed relating to compliance with laws, regulations or other matters, nothing came to our attention that would indicate the District failed to comply with this statute, as it relates to accounting matters.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Saunders Company, Ltd.

Glendale, Arizona

March 6, 2015

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MOHAVE VALLEY FIRE DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Finding 2014-01

Compliance Deficiency Reporting to Board

Condition: The governing board of the District is required to review certain information each month. The required information is not being produced by District administration.

Criteria: ARS (Arizona Revised Statutes) 48-807(O) requires the governing board to review information relating to all bank accounts and balance sheet accounts along with various activities of the District and cash flow reports monthly.

Cause: The District board and administration were unaware of the requirements of the statute.

Effect: This caused the District to be out of compliance with statutory requirements.

Questioned Costs: None

Recommendations: The District administration and governing board should review the statutes regarding the management of a fire district and change procedures to assure compliance with legal requirements.

District Response: District administration has revised their procedures to comply with the statute and will provide all required information in the future.

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MOHAVE VALLEY FIRE DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Finding 2014-02

Compliance Deficiency over basis of accounting

Condition: The District is attempting to use a form of full accrual (commercial) accounting for its fund accounting system. Governmental accounting requires a modified accrual basis (which is similar to cash basis) of accounting for fund accounting. The District accounting records are not being kept in accordance with required standards.

Criteria: ARS 48-807(M) references a requirement that districts keep their funds in accordance with Governmental Accounting Standards Board (GASB) requirements. GASB codification 1600.102 defines cash and accrual basis of accounting. GASB 1600.105 requires the modified accrual basis of accounting for governmental fund accounting.

Cause: District accounting personnel were unaware of the required accounting standards.

Effect: The District accounting and financial reports have not been in compliance with required accounting standards for several years.

Questioned Costs: Undetermined

Recommendations: The District should convert its financial accounting to a cash or modified accrual basis.

District Response: The District intends to correct the accounting system to comply with required standards and methods.

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MOHAVE VALLEY FIRE DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Finding 2014-03

Internal Control Deficiency over Ambulance Revenue & Receivables

Condition: Ambulance receivables were grossly overstated in the financial reports. We found that approximately 75% of the ambulance receivables reported on the financial statements were over 1 year delinquent at the time of the financial statement for the last several years. Ambulance receivables that are delinquent by that time period are seldom collected. Also, we found that no provision in the gross amount receivable had been made for Medicare, insurance and other allowance requirements.

We also found that ambulance revenues were not being reported correctly in the financial statements but were shown as a negative cost of goods sold with various write offs being reported as an expense. These were not linked in the financial statements and numerous adjustments were made to these accounts.

Criteria: GASB Statement 62 paragraphs 32 & 33 require an allowance for uncollectable portions of receivables to offset the gross amount of the receivable. GASB Statements 38 paragraph 13 and 63 paragraph 8 require that receivables not collected within 1 year be disclosed in the financial statements.

Cause: Financial staff failed to make the required allowances for uncollectable portions of the ambulance receivables. The current ambulance billing and reporting method is inadequate for the District needs.

Effect: This has the effect of grossly overstating the available revenues from the ambulance operations. This also has the effect of over reporting the revenues derived from ambulance operations. District management were not receiving sufficient and correct information to properly manage the ambulance services of the District.

Questioned Costs: \$452,016 at June 30, 2014

Recommendations: The District should outsource their ambulance billing or purchase an ambulance billing software program and assure that personnel are sufficiently trained to properly use the software.

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MOHAVE VALLEY FIRE DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Finding 2014-04

Internal Control Deficiency Accounting Records

Condition: We found that accounting records were being recorded using Quick Books software, Quicken software, ADP Payroll software, Excel and by manual records. These separate systems are not reconciled to each other and are subject to uncorrected errors as a result of their lack of integration.

Criteria: Arizona state statutes, Generally Accepted Accounting Principles and the Governmental Accounting Standards Board all require accurate accounting records to be kept subject to strict standards and guidelines.

Cause: Financial and administrative procedures of the District have not been updated as changes in regulations have occurred. As the District grew and needs increased outdated systems remained unchanged as new systems were added. Management evaluations of financial recordkeeping needs were not conducted on a timely basis.

Effect: The District's staff are expending a considerable amount of time in duplicative and unneeded effort. Also, the duplication of effort without integration subjects the entire system to undiscovered errors.

Questioned Costs: Undetermined

Recommendations: The use of the Quicken software should be discontinued. Excel spreadsheets should only be used to supplement the primary records.

District Response: The District is reviewing its accounting policies and intends to make appropriate corrections.

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MOHAVE VALLEY FIRE DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Finding 2014-05

Internal Control Deficiency over Loans Receivable

- Condition:** The financial statements for the Contingency Fund did not reflect the outstanding loans receivable. Loan payments were recorded as revenue and loans made were recorded as expenses.
- Criteria:** The contingency fund is considered a trust fund administered by the District. Fiduciary standards require accurate accounting records. GASB standards require the inclusion of loans receivable in the financial statements.
- Cause:** Accounting personnel failed to understand the correct accounting methods for recording transactions in the fund.
- Effect:** Assets (loans receivable) were understated. Revenues were overstated and expenses were also overstated. This resulted in seriously incorrect financial statements. The ability of administrations and the governing board to have accurate information was seriously compromised.

Questioned Costs: \$ 14,006

Recommendations: The loans receivable should be recorded in the financial statements. Staff should be instructed in the proper accounting methods to be used in recording the financial statements.

District Response: The District intends to monitor and correctly record all loans receivable in this fund.

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MOHAVE VALLEY FIRE DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Finding 2014-06

Internal Control Deficiency over payroll

Condition: Payroll records are currently maintained by accounting staff inputting all payroll information into the ADP payroll system. When that information is returned by ADP then the same information is input into the QuickBooks system. After that the same information is put into the QuickBooks accounting system. This causes the same information to be recorded in three separate systems resulting in a considerable waste of staff time. In addition, each time data is re-entered, the possibility of error increases.

Payroll expenses in the general ledger were posting into a single payroll expense account.

Criteria: Accounting & payroll records should be kept in a single repository of information.

Cause: The accounting & payroll systems have grown over several years without management evaluating the overall system effectiveness.

Effect: This duplication results in inefficient usage of personnel and a waste of District funds. Additionally, the possibility of errors is significantly increased.

Questioned Costs: Undetermined

Recommendations: We would recommend that the District utilize the QuickBooks payroll system within the District accounting system and eliminate all of the duplicate recordkeeping.

District Response: The District intends to review the procedures and methods of accounting for its payroll.